

Message Text

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ACTION COME-00

INFO OCT-01 EUR-12 ISO-00 EB-08 XMB-02 /023 W

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R 101523Z FEB 77

FM AMEMBASSY MADRID

TO SECSTATE WASHDC 8969

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E.O. 11652: N/A

TAGS: BENC, SP

SUBJECT: MAJOR PROJECTS: SIDERAR & PREPELSA STEEL MILLS

REF: STATE 016216

1. G. EDWIN MCCOMBS, ASSISTANT VICE PRESIDENT, PULLMAN SWINDELL, DID VISIT MADRID BUT, DUE TO PRESS OF TIME AND LONG MEETINGS WITH INTERESTED PARTIES BOTH SIDERAR AND PREPELSA DIRECT REDUCTION PLANTS, WAS UNABLE TO MEET WITH THE AMBASSADOR. MCCOMBS SAID HE ANTICIPATED RETURNING TO MADRID IN ABOUT TWO WEEKS AT WHICH TIME HE WOULD REQUEST APPOINTMENT TO MEET WITH THE AMBASSAODR.

2. ACA LUBKEMAN DID MEET WITH MCCOMBS AT HOTEL MELIA MADRID PRIOR TO LATTER'S LEAVING FOR AIRPORT TO DEPART MADRID. MCCOMBS CONFIMRED HIS FIRM'S GREAT INTEREST IN GAINING AWARD FOR BOTH PROJECTS. (US CONTENT ABOUT \$11 MILLION EACH PROJECT). HE INDICATED CRUCIAL IMPORTANCE EX-IM BANK FINANCING AND SAID HE HOPED FOR QUICK EX-IM BANK DECISION AS PREPELSA DECISION BETWEEN SWINDELL AND GERMAN COMPETITION ANTICIPATED WITHIN A MONTH, WHILE SIDERAR WILL DECIDE WITHIN 2-3 MONTHS.

3. ACA HAS MET WITH GABRIEL CONDE Y SNATIAGO, COMMERCIAL DIRECTOR OF THE PETROCHEMICAL DEVISION OF WELL-KNOWN SPANISH ENGINEERING FIRM, TECHNICAS REUNIDAS, S.A., ARAPILES 13, MADRID 15, WORKING WITH SWINDELL. CONDE CONFIRMED GERMAN
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COMPETITION FOR BOTH PROJECTS BUT OPINED THAT SWINDELL WITH ITS PREVIOUS EXPERIENCE IN DIRECT REDUCTION PROJECTS PLUS GERMAN INABILITY TO GUARANTEE QUALITY OF PELLET PRODUCTION SHOULD GIVE US FIMR EXCELLENT ADVANTAGE OBTAINING BOTH CONTRACTS. CONDE DID INDICATE SWINDELL NEED FOR EX-IM FINANCING AND SAID HE WAS FORWARDING TO MCCOMBS COPIES OF CONCERTED ACTION AGREEMENT CONTRACTS SIGNED BY MINISTRY OF INDUSTRY WITH PREPELSA,

DATED MAY 7, 1976, AND BY MININDUSTRY WITH SIDERAR, DATED
JUNE 1, 1976.

4. EMBASSY'S A-211 AND A-138 REPORTED ON SIDERAR PROJECT
TO BE LOCATED IN CAMPO DE GIBRALTAR. RE PREPELSA PROJECT,
FIRM PRERREDUCIDOS Y PELLETS ESPANOLAS, S.A., LOCATED
ORENSE 58, MADRID (PRESIDENT MIGUEL SOLIS BALZOLA) COM-
PRISES FOLLOWING TWENTY FIRMS:

- A. ACERIA DE SANTANDER, S.A. (14.17.034:3,5).
 - B. ACEROS Y FUNDICIONES DEL NORTE PEDRO ORBEGOZO Y
CIA., S.A. (7.92PERCENT).
 - C. ASTILLEROS ESPANOLAS, S.A. (7.88PERCENT).
 - D. BABCOCK WILCOX ESPANOLA, S.A. (7.62PERCENT).
 - E. NERVACERO, S.A. (7.56PERCENT).
 - F. ACEROS DE LLODIO, S.A. (7.08PERCENT).
 - G. SIDERURGICA DE GALICIA, S.A. (6.9PERCENT).
 - H. UNION CERRAJERA, S.A. (6.77PERCENT).
 - I. S.A. ECHEVARRIA (5.18PERCENT).
 - J. ARREGUI, S.A. (4.63PERCENT).
 - K. ACERIA GUIPUZCOANA, S.A. (3.86PERCENT).
 - L. OLARRA, S.A. (3.66PERCENT).
 - M. ACERIA DE AMURRIO, S.A. (3.52PERCENT).
 - N. ACERIA DE ALAVA, S.A. (3.22PERCENT).
 - O. METALURGICA GALAICA, S.A. (2.93PERCENT).
 - P. VICTORIO LUZURIAGA, S.A. (2.32PERCENT).
 - Q. ACERIAS Y FORJAS DE AZCOITIA, S.A. (2.26PERCENT).
 - R. ACEROS DE IRURA, S.A. (1.15PERCENT).
 - S. FUNDICIONES ECHEVARRIA, S.A. (0.89PERCENT).
 - T. ROLDAN, S.A. (0.43PERCENT).
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4. PREPELSA PREPELSA PROJECT, SOMEWHAT LARGER THAN SIDERAR PROJECT,
IS TO BE LOCATED AT HUELVA.

5. ACCORDING CONDE, THESE TWO PROJECTS WILL NOT ADD TO TOTAL
SPANISH IRON AND STEEL PRODUCTION, BUT RATHER WILL ENABLE USE OF
PELLETS RATHER THAN INCREASINGLY EXPENSIVE SCRAP BY CONSORTIOM
MEMBER MILLS.STABLER

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Sent Date: 10-Feb-1977 12:00:00 am
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Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
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Disposition Remarks:
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